



**The Commonwealth of Massachusetts**  
**DEPARTMENT OF**  
**TELECOMMUNICATIONS AND ENERGY**

D.T.E. 01-36/02-20 - Phase II

July 15, 2003

Petitions of Western Massachusetts Electric Company for approval of its Transition Charge Reconciliation filings for the periods January 1, 2000 through December 31, 2000 and January 1, 2001 through December 31, 2001.

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FOR: WESTERN MASSACHUSETTS ELECTRIC  
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Limited Participant

## I. INTRODUCTION

On March 30, 2001, pursuant to G.L. c. 164, § 1A(a), 220 C.M.R. § 11.03(4) and the Restructuring Settlement Agreement approved by the Department of Telecommunications and Energy (“Department”) in Western Massachusetts Electric Company, D.T.E. 97-120-E (2000), Western Massachusetts Electric Company (“WMECo” or “Company”) filed with the Department its reconciliation filing for the calendar year 2000. That matter was docketed as Western Massachusetts Electric Company, D.T.E. 01-36.

On November 28, 2001, WMECo filed with the Department a Rate Change Filing along with proposed changes to WMECo’s tariffs (“Rate Change Filing”) pursuant to G.L. c. 164, § 1A(a), 220 C.M.R. § 11.03(4) and the Restructuring Settlement Agreement approved by the Department in D.T.E. 97-120. The proposed changes in rates, effective January 1, 2002, included the following: a transition charge rate of \$0.01357 per kilowatt hour (“KWH”); a transmission rate adjustment of \$0.00042 per KWH; and a standard offer service rate of \$0.04841 per KWH. Further, the Company proposed changes in charges for energy efficiency and renewables programs pursuant to G.L. c. 25, §§ 19 and 20. The Rate Change Filing was docketed as Western Massachusetts Electric Company, D.T.E. 01-101, and was approved on December 27, 2001, subject to further investigation and reconciliation.

On March 29, 2002, WMECo filed its reconciliation filing for the calendar year 2001. That matter was docketed as Western Massachusetts Electric Company, D.T.E. 02-20. On July 9, 2002, WMECo amended its filings in D.T.E. 01-36 and D.T.E. 02-20 to comply with the Department’s directives in Western Massachusetts Electric Company, D.T.E. 00-33

(2002), the Department's Order regarding WMECo's reconciliation filing for calendar years 1998 and 1999.

The Department conducted a public hearing and procedural conference on August 13, 2002. The Attorney General filed notice of intervention pursuant to G.L. c. 12, § 11E. Alternate Power Source, Inc. ("APS"), was granted limited participant status in this proceeding.<sup>1</sup> On December 27, 2002, the Department approved an Offer of Settlement ("Settlement") resolving all issues relating to the reconciliation of transition costs and revenues for calendar years 1998 through 2001 ("reconciliation period"). Western Massachusetts Electric Company, D.T.E. 01-36/02-20. The Settlement did not address the issues of transmission-related costs and revenues and standard offer service costs and revenues. Id. at 4-5. Thus, in this Order, the Department addresses the remaining issues in this docket relating to the reconciliation of certain transmission, default, and standard offer costs.

On February 19, 2003, Department held a procedural conference. On March 13, 2003, the Department conducted an evidentiary hearing. Robert A. Baumann, director of revenue regulation and load resources for Northeast Utilities Service Company ("NUSCO"), and

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<sup>1</sup>

APS appealed the Hearing Officer's Ruling on November 25, 2002. The Department, in an Interlocutory Order, denied APS' appeal on January 31, 2003. Western Massachusetts Electric Company, D.T.E. 01-36/02-20 (January 31, 2003).

Paula M. Taupier, manager of transmission, regulatory policy and planning for NUSCO, testified on behalf of the Company. The evidentiary record consists of 30 exhibits and thirteen record requests.<sup>2</sup> The Company and the Attorney General filed briefs.

## II. STANDARD OF REVIEW

On January 5, 2000, the Department approved WMECo's Restructuring Plan compliance filing. Western Massachusetts Electric Company, D.T.E. 97-120-E (2000). In reviewing annual reconciliation filings, the Department must ensure that the proposed reconciliations are consistent with or substantially comply with Chapter 164 of the Acts of 1997, the Company's approved restructuring plan, applicable law, and Department precedent. See, e.g., Boston Edison Company, D.T.E. 98-111, at 4 (1999).

## III. TRANSMISSION SERVICE RECONCILIATION

### A. Description of Filing

WMECo provides transmission service to its retail customers by purchasing transmission service from Northeast Utilities ("NU") (Exh. DTE 1-21). For calendar year 2000, WMECo paid NU for transmission service under two Federal Energy Regulatory Commission ("FERC") approved tariffs: NUSCO Open Access Transmission Tariff ("OATT") No. 9, and the New England Power Pool ("NEPOOL") OATT (Exhs. DTE 1-14; AG 1-3). According to WMECo, Tariff No. 9, which provides transmission service over

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<sup>2</sup>

On October 18, 2002, the Company responded to twenty-two Department information requests. On its own motion, the Department moved those information requests, marked as DTE-1-1 through DTE-1-22 into the record. D.T.E. 01-36/02-20, at 2.

NU's Non-Pool Transmission Facilities ("Non-PTF"),<sup>3</sup> has not yet been approved by FERC, but has been accepted subject to the issuance of further orders and subject to the NEPOOL OATT proceeding (Exh. AG 1-11). Likewise, the Company states that the NEPOOL OATT, which provides transmission service over Pool Transmission Facilities ("PTF"),<sup>4</sup> has not been approved by FERC, but has been accepted subject to refund and the issuance of further orders (id.).

Pursuant to the Company's Transmission Cost Adjustment Tariff, MDTE No. 1028B, the Company's transmission costs and revenues are reconciled annually with the difference being collected or refunded through the transmission cost adjustment factor. According to WMECo, its transmission costs and revenues have been fully reconciled through 2000 (Exh. WMECo-1, at 14). The Company's transmission costs have an over-recovery of \$865,063 through the year 2000 (Exh. WMECo-1, Att. 10).

B. Analysis & Findings

The Department has reviewed the costs that WMECo proposes to collect through its transmission rates. The Department finds that the Company calculated these costs consistent with the transmission rates approved by FERC and the Company's Transmission Cost Adjustment Tariff, MDTE 1028B (Exhs. DTE 1-14, AG 1-11). Therefore, subject to reconciliation to reflect the disposition of NU's Tariff No. 9 and NEPOOL's OATT, the

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<sup>3</sup> Access provided over NU's local transmission facilities, which are usually radial lines that are less than 69 kilovolts ("KV"), are considered Non-PTF (Exh. DTE 1-14).

<sup>4</sup> Access provided over New England's looped transmission facilities greater than or equal to 69 KV is commonly known as PTF (Exh. DTE 1-14).

Department approves WMECo's reconciliation of transmission costs and revenues through the year 2000.

#### IV. STANDARD OFFER AND DEFAULT SERVICE RECONCILIATION

##### A. Description of Filing

The Company's Restructuring Plan and Standard Offer Service Tariff, MDTE No. 1025, require the Company to reconcile its total cost of purchased power for standard offer supply with its total standard offer service revenue. The Company did not keep track of default service costs and revenues separate from standard offer service costs and revenues through the year 2000 because there was no rate or cost distinction between the two generation services through this period (Exh. WMECo-1, at 13-14). Reconciling calendar year 2000 results in a total under-collection of \$444,388, prior to interest (*id.* at 14, Att. 9). The interest, which is calculated at the customer deposit rate pursuant to the Standard Offer Service Tariff, is \$12,065 (RR-DTE-2).<sup>5</sup>

##### B. Analysis & Findings

The Department has reviewed the costs that the Company proposes to recover through the standard offer and default reconciliation. The Department finds that the costs included are consistent with the Company's Restructuring Plan. The interest on the balance was calculated consistent with the Standard Offer Service Tariff, MDTE No. 1025 (RR-DTE-22). Therefore,

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<sup>5</sup>

The Company initially calculated the interest on the standard offer under-recovery at the rate charged to commercial accounts for late payments (Exh. DTE 1-12). The Company subsequently recalculated the interest rate using the rate applied to customer deposits (RR-DTE-2).

the Department approves the Company's costs and revenues for standard offer and default for calendar year 2000.

#### V. FUTURE RECONCILIATION FILING REQUIREMENTS

In past reconciliation filings, the Department has requested that a reconciliation filing include: (1) consistent use of terms, with a full explanation of any terms that were used in the previous reconciliation period and have been changed; (2) a section explaining all new terms found in the filing and spelling out all acronyms found in the filing; (3) a summary table for all charges; (4) line items for individual charges that do not include "buried" costs (i.e., if a certain line item is a combination of several costs, that should be fully explained); and (5) month-by-month totals for all charges. See e.g., Fitchburg Gas and Electric Light Company, D.T.E. 99-110 (Phase II) at 51-54 (2001).

Consistent with Department review in other reconciliations, the Company should file the same schedules as Boston Edison Company ("BEC"), Cambridge Electric Light Company ("Cambridge"), Commonwealth Electric Company ("Commonwealth") and Massachusetts Electric Company ("MEC"). Additionally, the Company should use consistent terms and should provide definitions of terms and acronyms used in the filing. The Company should number its filing by section, with sequential page numbers for the entire document and should prepare a summary table of the filing. In order to simplify the presentation of each reconciliation model, an attachment or appendix that shows the details for certain line items if that item is a combination of several costs would be appropriate. Provision of such

information in such a format may greatly reduce the need for extensive discovery in future proceedings, and would be wholly consistent with Department practice.

This information, as requested by the Department, is essential for an efficient and thorough review of the Company's filing. Therefore, the Department directs the Company to provide this information in future reconciliation filings. With respect to the format of future filings, the Department finds that a similar format for reconciliation filings across distribution companies provides consistency and allows for an efficient review of the filings. Therefore, WMECo is directed to adopt the same format for filing future reconciliations as is used by Cambridge, Commonwealth, BECo, and MECo. Specifically, the Company shall revise its filing in D.T.E. 03-34 consistent with the findings and directives contained in this Order.



VI. ORDER

Accordingly, after due notice, hearing, and consideration, it is

ORDERED: That the proposed transmission and standard offer service rate adjustments submitted by Western Massachusetts Electric Company on March 30, 2001, and March 29, 2002, for the periods January 1, 2000 through December 31, 2000 and January 1, 2001 through December 31, 2001 respectively, are APPROVED; and it is

FURTHER ORDERED: That Western Massachusetts Electric Company shall comply with the directives of this Order.

By Order of the Department,

/s/  
Paul B. Vasington, Chairman

/s/  
James Connelly, Commissioner

/s/  
W. Robert Keating, Commissioner

/s/  
Eugene J. Sullivan, Jr., Commissioner

/s/  
Deirdre K. Manning, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).